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Message Text

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PAGE 01 LIMA 11281 151546Z
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 L-03 H-02 PA-02 PRS-01
/074 W
---------- 012013 /20
R 151420Z DEC 76
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 3018
INFO AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY SANTIAGO
AMEMBASSY QUITO

UNCLAS LIMA 11281

EO 11652: N/A
TAGS: ECIN, EINV, CO, EC, PE, VE, BO
SUBJ: ANDEAN PACT - REVISIONS OF DECISION 24

REF: LIMA 9942

1. OUR EARLY REPORTING OF REVISIONS OF DECISION 24 (TREATMENT OF FOREIGN CAPITAL) CONTAINED IN DECISION 103 IS CONTAINED IN REFTEL. AN IMPORTANT CHANGE NOT COVERED IN REFTEL CONSISTS OF ADDITIONAL DEFINITION OF "DIRECT FOREIGN INVESTMENT". THE FOLLOWING CLAUSE IS ADDED TO THE ORIGINAL DEFINITION. "... AND REINVESTMENTS MADE IN CONFORMITY WITH THE CURRENT REGIME."

2. THE TERMS OF THE ORIGINAL DECISION 24 RESULTED IN THE CREA-
TION OF WHAT HAS BEEN CALLED "LIMBO CAPITAL", WHICH CONSISTED OF PERCENTS BEYOND THAT WHICH COULD BE REPATRIATED (14 PERCENT) OR

AUTOMATICALLY REINVESTED (5 PERCENT). UNDER THE NEW DEFINITION WHEN SUCH CAPITAL IS REINVESTED IT WILL BE CONSIDERED NEW DIRECT FOREIGN INVESTMENT THEREBY BROADENING THE BASE ON WHICH THE FOLLOWING YEAR'I INERCENTAGES OF DIRECT INVESTMENT ARE CALCULATED. THE PROCESS WOULD PROGRESSIVELY REDUCE ACTUAL OR POTENTIAL LIMBO CAPITAL AND IN EFFECT INCREASE THE PERCENT OF ORIGINAL INVESTMENT WHICH CAN BE REPATRIATED. THE CHANGE REMOVES ANOTHER IMPEDIMENT
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TO INVESTMENT IN THE REGION.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FOREIGN INVESTMENT, REGIONAL ORGANIZATIONS, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA11281
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760462-0993
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761241/aaaabjmd.tel
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Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: 76 LIMA 9942
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Review Authority: schwenja
Review Comment: n/a
Review Content Flags:
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Review Event:
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To: STATE
Type: TE
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